

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7021

BILL NUMBER: SB 262

DATE PREPARED: Jan 4, 2001

BILL AMENDED:

SUBJECT: Economic development.

FISCAL ANALYST: Brian Tabor

PHONE NUMBER: 233-9456

**FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL**

IMPACT: State & Local

Summary of Legislation: This bill provides that appropriations to the Department of Commerce for Local Economic Development Organization (LEDO/REDO) grants do not expire or revert to the state General Fund at the end of a state fiscal year. It also allows grants to be used by local economic development organizations for operations related to the provision or rehabilitation of low income housing but provides that not more than 25% of the total grants amounts awarded may be used for the provision or rehabilitation of low income housing.

Effective Date: July 1, 2001.

Explanation of State Expenditures:

Explanation of State Revenues: This bill provides that when a Local Economic Development Organization (or LEDO/REDO) grant is made, the funds are regarded as encumbered and do not revert to the state General Fund. In the FY 1997-1999 biennium, the IDOC reverted almost \$473,000 to the state General Fund from the LEDO/REDO Matching Grant Program. A \$2 M General Fund appropriation was made to the Indiana Department of Commerce (IDOC) for the LEDO/REDO Program in the FY 1999-2001 biennium. Of this \$2 M, only about \$10,000 has not been allocated.

This proposal also allows 25% of the total amount of LEDO/REDO grants awarded to be made for the provision or rehabilitation of low income housing. Under current law, these grants may be used only for the operation and economic development efforts of local or regional economic development organizations, urban enterprise associations, not-for-profit groups, and other similar organizations. Expanding the possible uses of LEDO/REDO grants may not necessarily have a fiscal impact, however, if funds were for housing then less may be available for other projects.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Indiana Department of Commerce.

Local Agencies Affected: Organizations receiving LEDO/REDO grants.

Information Sources: Leslie Richardson, Director, Division of Research, Indiana Department of Commerce, (317) 232-8962; State Budget Agency.